

## Variable Cash Growing Expenses Up 3 Percent per Pound

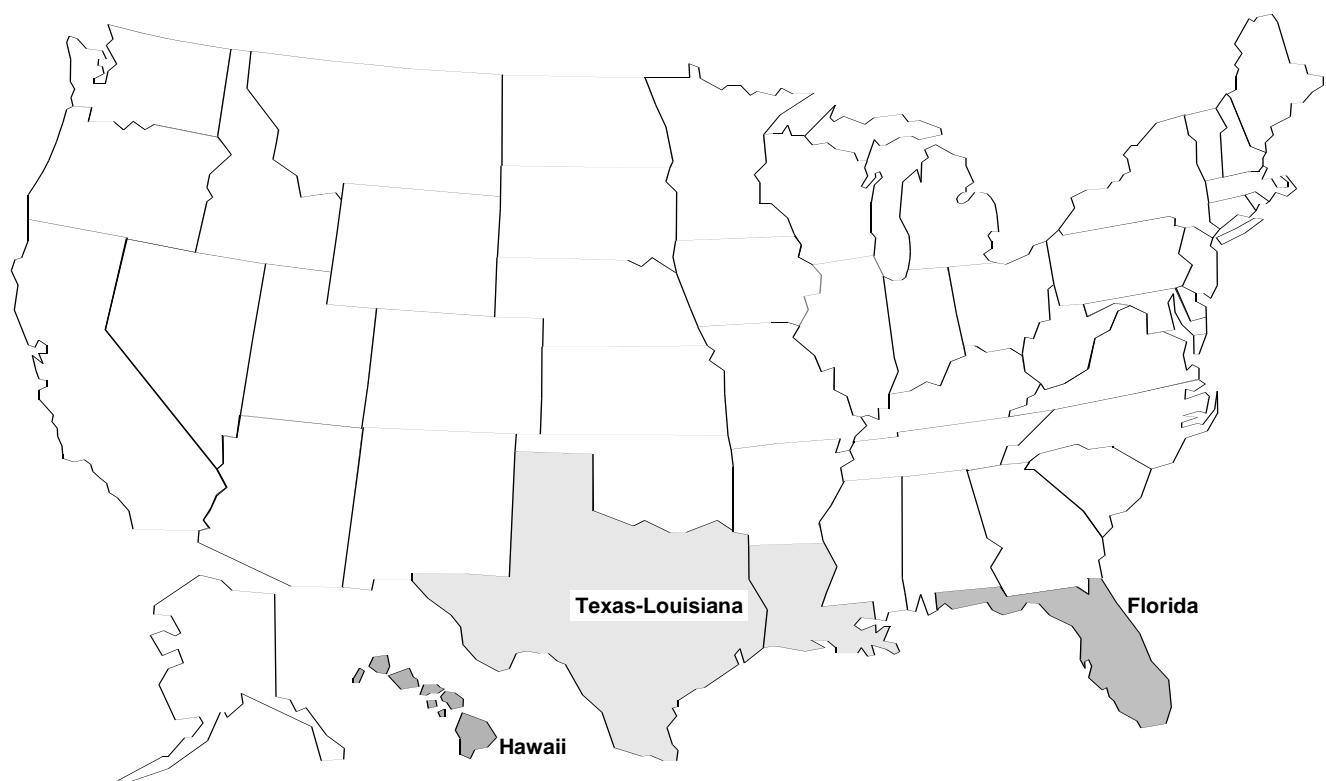
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Total cash expenses for growing an acre of sugarcane in 1996 fell 1.1 percent. Because hired labor is the largest single cost component for growing sugarcane, and lower wage rates in 1996 caused labor expenses to fall. Fertilizer expenses also fell as Florida used more potash than nitrogen. Potash prices fell in 1996, while nitrogen prices rose. The higher nitrogen prices caused USDA's fertilizer prices paid index to rise but had a minimal effect on sugarcane growers. It should also be noted that beginning in 1995, the Everglades

Restoration Tax was added to Florida costs, raising U.S. fixed costs.

Cane yields were essentially unchanged at the national level. However, lower 1996 sugar recovery rates were responsible for a 3-percent rise in variable cash growing expenses (measured in costs per pound of sugar produced). Processing the crop cost about 2 percent more than in 1995. Most of this was due to the lower sugar recovery rates.

Figure 8-10  
**Sugarcane production regions**



Notes: Shading and patterns indicate production regions where producers were surveyed in 1992 about production practices and costs of production. Production regions are defined for each crop based on common cultural practices.

**Table 8-10A—Sugarcane production cash costs and returns, 1995-96**

Item	United States		Florida		Hawaii		Louisiana/Texas	
	1995	1996	1995	1996	1995	1996	1995	1996
<i>Dollars per harvested acre</i>								
Gross value of production <sup>1</sup>	983.24	979.40	1,058.76	1,040.40	2,632.45	2,645.37	708.38	727.01
Cash expenses:								
Seed <sup>2</sup>	37.79	38.48	27.95	27.95	—	—	52.30	54.63
Fertilizer	71.18	67.56	61.33	57.99	285.41	294.92	55.83	53.82
Chemicals	66.16	67.70	59.10	61.15	150.01	155.23	63.42	65.66
Custom operations	59.75	61.53	106.65	104.81	62.26	62.57	11.64	12.20
Fuel, lube, and electricity	26.84	29.80	21.67	23.79	83.30	93.51	25.40	29.73
Repairs	95.42	97.01	80.12	80.84	419.62	432.97	72.59	79.00
Hired labor	333.27	323.91	406.54	396.76	1,504.49	1,378.30	119.78	126.81
Purchased irrigation water	5.57	5.77	6.70	7.07	NA	NA	5.07	4.92
Miscellaneous	7.65	7.16	0.56	0.58	104.39	109.14	3.41	3.59
Hauling allowance (-)	8.17	8.77	0.00	0.00	0.00	0.00	17.47	19.69
Total, variable cash expenses	695.45	690.16	770.63	760.95	2,609.48	2,526.63	391.98	410.67
General farm overhead	88.47	82.83	114.79	107.45	339.08	317.38	31.94	29.41
Taxes and insurance <sup>3</sup>	48.56	50.72	59.27	59.93	49.50	48.28	37.53	40.51
Interest	13.39	13.03	9.61	9.49	NA	NA	18.83	18.48
Total, fixed cash expenses	150.42	146.58	183.67	176.86	388.58	365.65	88.31	88.39
Total, cash expenses	845.87	836.74	954.31	937.81	2,998.06	2,892.28	480.28	499.06
Gross value of production less cash expenses	137.36	142.66	104.45	102.59	-365.61	-246.91	228.10	227.96
Season-average price (dollars/ton) <sup>1</sup>	29.50	29.50	30.60	30.60	32.30	32.30	26.96	26.96
Yield (net tons/harvested acre)	33.33	33.20	34.60	34.00	81.50	81.90	26.28	26.96

**Table 8-10B—Sugarcane production economic costs and returns, 1995-96**

Item	United States		Florida		Hawaii		Louisiana/Texas	
	1995	1996	1995	1996	1995	1996	1995	1996
<i>Dollars per harvested acre</i>								
Gross value of production	983.24	979.40	1,058.76	1,040.40	2,632.45	2,645.37	708.38	727.01
Economic (full ownership) costs:								
Variable cash expenses	695.45	690.16	770.63	760.95	2,609.48	2,526.63	391.98	410.67
General farm overhead	88.47	82.83	114.79	107.45	339.08	317.38	31.94	29.41
Taxes and insurance <sup>3</sup>	48.56	50.72	59.27	59.93	49.50	48.28	37.53	40.51
Capital replacement	77.25	78.83	50.77	52.88	184.37	192.06	91.53	96.07
Operating capital	19.44	17.56	21.54	19.37	72.94	64.30	10.96	10.45
Other nonland capital	30.89	29.31	12.01	11.86	107.10	105.74	41.10	40.89
Land	155.04	159.95	180.34	183.54	235.51	241.60	119.72	124.27
Unpaid labor	15.62	15.81	1.39	1.36	NA	NA	31.97	33.96
Total, economic (full ownership) costs	1,130.72	1,125.17	1,210.76	1,197.34	3,597.99	3,495.99	756.72	786.22
Residual returns to management and risk	-147.48	-145.77	-152.00	-156.94	-965.54	-850.62	-48.34	-59.20
Season-average price (dollars/ton) <sup>1</sup>	29.50	29.50	30.60	30.60	32.30	32.30	26.96	26.96
Yield (net tons/harvested acre)	33.33	33.20	34.60	34.00	81.50	81.90	26.28	26.96

— = Not applicable.

NA = Not available.

<sup>1</sup>For 1996, sugarcane prices are held at the 1995 level. Prices for the 1996 season will not be available before January 1998.<sup>2</sup>Includes cost of purchased seed and home-grown seed.<sup>3</sup>Includes Florida Everglades Restoration tax.

Source: Economic Research Service, U.S. Department of Agriculture.

**Table 8-10C—Sugarcane processing costs per net ton by cost item and area, 1995-96**

Item	United States		Florida		Hawaii		Louisiana/Texas	
	1995	1996	1995	1996	1995	1996	1995	1996
<i>Dollars per net ton</i>								
Variable cash expenses:								
Cane transportation	2.78	2.77	3.07	3.08	1.74	1.75	2.78	2.74
Processing	4.85	5.06	4.11	4.26	8.04	8.43	4.67	4.89
Labor	2.41	2.44	2.55	2.62	3.78	3.73	1.72	1.73
Fuel	0.56	0.69	0.23	0.28	1.40	1.72	0.70	0.86
Chemicals	0.29	0.29	0.20	0.19	0.38	0.38	0.40	0.39
Electricity	0.45	0.47	0.12	0.12	1.35	1.45	0.56	0.58
Materials and supplies	1.13	1.16	1.02	1.05	1.13	1.16	1.29	1.32
Repairs and maintenance	3.67	3.63	2.89	2.87	5.51	5.40	4.04	3.99
Labor benefits	1.44	1.45	1.13	1.16	3.11	3.07	1.25	1.26
Marketing	2.48	2.54	2.39	2.46	5.75	5.89	1.40	1.43
Total, variable cash expenses	15.22	15.45	13.59	13.82	24.15	24.53	14.14	14.31
Fixed cash expenses:								
Depreciation	1.35	1.28	0.99	0.94	2.42	2.29	1.45	1.37
Taxes and insurance	0.45	0.47	0.28	0.29	0.41	0.42	0.69	0.71
Interest	0.43	0.39	0.56	0.51	0.00	0.00	0.40	0.36
Total, fixed cash expenses	2.23	2.13	1.83	1.74	2.82	2.72	2.54	2.45
General and administrative:								
Labor	0.75	0.75	0.66	0.68	1.09	1.07	0.73	0.73
Nonlabor	1.30	1.33	1.62	1.67	0.82	0.84	1.03	1.06
Total, general and administrative	2.04	2.09	2.28	2.35	1.90	1.91	1.76	1.80
Total, processing costs	19.49	19.67	17.70	17.91	28.88	29.16	18.45	18.56
Credits:								
Molasses	1.70	1.73	1.61	1.71	1.24	1.11	2.00	1.99
Bagasse	0.08	0.07	0.07	0.07	0.00	0.00	0.11	0.11
Other	0.40	0.34	0.11	0.10	2.56	2.11	0.00	0.00
Total, credits	2.18	2.14	1.78	1.88	3.80	3.22	2.12	2.10

**Table 8-10D—Sugarcane processing costs per pound of 96-degree raw sugar by cost item and area, 1995-96**

Item	United States		Florida		Hawaii		Louisiana/Texas	
	1995	1996	1995	1996	1995	1996	1995	1996
<i>Dollars per net ton</i>								
Variable cash expenses:								
Cane transportation	1.175	1.182	1.252	1.265	0.700	0.718	1.254	1.246
Processing	2.045	2.155	1.673	1.750	3.244	3.458	2.104	2.224
Labor	1.017	1.041	1.038	1.076	1.526	1.529	0.776	0.788
Fuel	0.237	0.293	0.092	0.113	0.565	0.705	0.318	0.393
Chemicals	0.124	0.125	0.080	0.080	0.153	0.155	0.178	0.179
Electricity	0.190	0.201	0.049	0.051	0.545	0.595	0.252	0.264
Materials and supplies	0.478	0.495	0.415	0.430	0.455	0.475	0.579	0.600
Repairs and maintenance	1.549	1.545	1.177	1.181	2.223	2.213	1.823	1.812
Labor benefits	0.609	0.620	0.460	0.477	1.255	1.257	0.565	0.573
Marketing	1.047	1.084	0.974	1.010	2.317	2.415	0.631	0.651
Total, variable cash expenses	6.424	6.587	5.536	5.683	9.739	10.062	6.377	6.506
Fixed cash expenses:								
Depreciation	0.570	0.546	0.403	0.385	0.975	0.940	0.653	0.624
Taxes and insurance	0.190	0.198	0.115	0.121	0.163	0.174	0.313	0.324
Interest	0.180	0.165	0.229	0.210	0.000	0.000	0.180	0.166
Total, fixed cash expenses	0.940	0.910	0.747	0.716	1.138	1.114	1.146	1.113
General and administrative:								
Labor	0.315	0.321	0.270	0.280	0.438	0.439	0.329	0.334
Nonlabor	0.547	0.569	0.660	0.686	0.330	0.346	0.466	0.484
Total, general and administrative	0.861	0.890	0.931	0.967	0.768	0.785	0.795	0.818
Total, processing costs	8.225	8.387	7.214	7.366	11.645	11.960	8.319	8.438
Credits:								
Molasses	0.719	0.737	0.655	0.701	0.502	0.454	0.904	0.906
Bagasse	0.032	0.031	0.027	0.028	0.000	0.000	0.052	0.050
Other	0.168	0.144	0.043	0.043	1.030	0.866	0.000	0.000
Total, credits	0.919	0.913	0.725	0.772	1.532	1.320	0.956	0.955
Recovery per net ton of cane (lbs)	237.0	234.6	245.4	243.2	248.0	243.8	221.8	219.9

Source: Economic Research Service, U.S. Department of Agriculture.